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Mizuho Financial Group, Inc.  
Mizuho Bank, Ltd.

## **Mizuho set to develop cloud-based market risk management system**

*Enhancing our response to global financial regulations*

As one means of strengthening our response to changes in global financial regulations prompted by the 2008 global financial crisis, Mizuho Financial Group, Inc. (President & Group CEO: Tatsufumi Sakai) and Mizuho Bank, Ltd. (President & CEO: Koji Fujiwara) are planning to develop a market risk management system using a cloud computing environment provided by Amazon Web Services (AWS).

The Fundamental Review of the Trading Book (FRTB) is a global financial regulation introduced by the Basel Committee on Banking Supervision (“Basel Committee”) triggered by the global financial crisis. The Basel Committee released its most recent consultative document in March 2018 and is working to finalize revisions to the FRTB. When calculating market risk values under the FRTB, more advanced, complex, and extensive calculations are required than previously, as well as more accurate risk measures based on product type and risk category. In light of this, global financial institutions in particular are being called upon to enhance their market risk management systems.

In order to comply with FRTB implementation requirements by 2022, we are planning to develop a market risk management system that will incorporate calculation logic capable of supporting sophisticated risk management, as well as utilize AWS’s cloud services, which have been widely adopted in the financial services industry in recent years. We are transitioning to cloud services because we believe that the best approach to developing the system would be to utilize a computing environment where servers can be procured flexibly depending on the number of calculations. Cloud services will enable us to procure the system resources necessary for large-scale calculations in a timely and appropriate manner as well as reduce future costs by avoiding extensive infrastructure investment. We will also be capable of responding flexibly to future tightening of regulations and transaction volume fluctuations by securing flexibility in procuring servers.

Going forward, we will endeavor to enhance the sophistication of our risk management and our compliance with global financial regulations while at the same time optimizing system investment costs by utilizing the most advanced IT infrastructures.